

# REALIA



**January-June 2019 Results**

*29th July 2019*

---

**TABLE OF CONTENTS**

- 1.- Summary**
- 2.- Financial Highlights**
- 3.- Operational Highlights**
- 4.- Consolidated Income Statement**
- 5.- Consolidated Balance Sheet**
- 6.- Financial Structure**
- 7.- Assets Valuation**
- 8.- Net Asset Value (NNAV)**
- 9.- Commercial Property**
- 10.- Land and Homebuilding (Residential)**
- 11.- Stock Data**
- Appendix – Glossary of APMs<sup>(\*)</sup>**

<sup>(\*)</sup> This report includes a set of Alternative Performance Measures (APMs) defined in the herewith included Appendix, as recommended by ESMA (European Securities and Markets Authority).

**1.- SUMMARY**

**REVENUE AND RESULTS**

- Total revenue was €48,57m vs €45,74m in 1H 2018 (+6,2%).

- Evolution of income in different business areas:

COMMERCIAL PROPERTY:	€41,94m (+7,2%)
LAND & HOMEBUILDING:	€5,42m (-6,9%)

Additionally, Group Realia has obtained an income from Services & Others for an amount of €1,21m (+51,4%).

A refund of a “municipal added value tax” for an amount of €2,12m has been included in the Commercial Property business income. This tax is due to the sale of an asset in previous years.

Income from the Land & Homebuilding business has gone down by 6,9 % and, in absolute terms, it has reached €0,4m. This result is due to a lower stock of residential finished product and a reduction of the number of sales offices.

Income from homes in the pipeline has not been included. Accounting rules state that this information should be included once the homes have been delivered to clients.

- Income from Services has gone up, mainly due to commercialization agreements, technical management and administrative and fiscal management related to residential developments and/or third-party companies different from the Group Realia.
- Overhead costs reached €3m, vs. (-25,5%) in 1H 2018.
- EBITDA reached €25,08m vs €21,69m in 1H2018 (+15,6%). It is due to income evolution and to lower operating costs.
- The net financial result reached €-6,55m vs €-7,27m at June 2018 (-9,9%) due to lower indebtedness of the Group Realia.
- As of June 2019, earnings before taxes reached €54,23m vs €36,29m in 1H 2018 (+49,4%).  
Positive evolution is reflected in the better performance of EBITDA. This evolution is due to the positive impact for reversal of provisions (mainly due to €2,12m from residential finished product delivered and €16,07m from homebuilding valuation). It is also due to the revaluation of commercial property assets (€+15,44m).
- Earnings after taxes reached €32,08m vs. €19,10m in 1H2018 (+68,0%).

**INDEBTEDNESS**

- As of June 2019, Group Realia gross financial debt reached €605,39m vs €615,96m at December 2018 (-1,7%). This debt financing is related to Realia Patrimonio.
- As of June 2019, Cash and equivalents reached €99,14m vs €87,50m at December 2018. This budget will be allocated to complete residential developments in the pipeline, financing the new business of home rental and acquiring new assets.
- As of June 2019, Realia net financial debt reached €506,25m vs €528,46m at December 2018 (-4,2%).
- The net financial debt reached €-6,55m (derivatives included), €-7,27m lower than in 1H 2018, due to lower indebtedness of Group Realia.
- The weighted average rate on gross debt (derivatives included) reached 2,12% vs 1,91% in 1H 2018.

**ASSETS VALUATION**

- As of 30 June 2019, assets valuation reached a market value of €1.900,8m (+3,1) vs. December 2018.

Fair value of commercial property assets reached €1.510,4m vs €1.479,1m at December 2018 (+2,1%). An asset in the pipeline intended to home rental for an amount of €13,1m was included in June 2019. Assets valuation has been performed by CBRE (CB Richard Ellis) implementing the RICS method (June 2019 and December 2018)

As of June 2019, fair value of homebuilding assets (land bank, residential developments in the pipeline and residential finished product) reached €390,4m vs €365,2m (+6,9%) at December 2018.

At June 2019, TINSA valued this portfolio implementing the RICS Method. However, at December 2018, this valuation was performed implementing the ECO Method.

In order to establish the fair value of assets which have changed their valuation from ECO method to RICS method their valuation has been homogenized as follows: Assets finished and delivered in 1H 2019 for an approximate value of €4,5m are not included at December 2018 valuation. Investments on residential developments in the pipeline for a value of €5,7m are not included in June 2019 valuation. The homogenized fair value from June 2019 to December 2018 has gone up by €24m (+6,9%), according to the following breakdown:

- Variation in status and/or urbanistic stage of land in 2019:	€16,2m
- Revaluation of land bank:	€1,6m
- Revaluation of residential developments in the pipeline:	€5,7m
- Revaluation of residential finished product:	€0,5m

**COMMERCIAL PROPERTY**

- Gross rental income were €30,70m (63,2% on the total income), 0,7% better than in 1H 2018, even though occupancy was lower than in 1H 2018.
- Overall occupancy levels reached 93,0% in 1H 2019 vs. 94,8% in 1H 2018 and vs. 91,8% at December 2018. Comparing to December 2018, occupancy has gone up by 1,2%.
- A refund of a “municipal added value tax” for an amount of €2,12m has been included in the Commercial Property business income. This tax is due to the sale of an asset in previous years. As a consequence of this refund, income has gone up by 7,2% vs June 2018.

**LAND AND HOMEBUILDING**

- Realia has delivered 36 units for a total amount of €5,16m. This amount has gone down by 12,5% (€0,74m) vs 1H 2018. This result is due to a lower stock of residential finished product and a reduction of the number of sales offices. This stock of homes is concentrated in a lower number of residential developments.
- As of 30 June 2018, there is a stock of 573 units (homes, small retail and offices) finished non-delivered, in the pipeline or pre-sold (86 pre-sold). There are also 41 land plots for single-family housing.
- Realia has a gross land bank, in different urbanistic stages, of 5.793.616 sqm and an estimated buildable area of 1.649.246 sqm.

**2.- FINANCIAL HIGHLIGHTS**

(€mm)	1H 2019	1H 2018	Var. (%)
<b>Total Revenue</b>	<b>48,57</b>	<b>45,74</b>	<b>6,2</b>
Comm. Property	41,94	39,12	7,2
Land & Homebuilding	5,42	5,82	-6,9
Services & Others	1,21	0,80	51,3
<b>EBITDA</b>	<b>25,08</b>	<b>21,69</b>	<b>15,6</b>
<b>Net Result (Group share)</b>	<b>32,08</b>	<b>19,10</b>	<b>68,0</b>
<b>Net Financial Debt</b>	<b>506,25</b>	<b>685,46</b>	<b>-26,1</b>
<b>Nº Shares (mm) treasury shares not included</b>	<b>818,80</b>	<b>643,81</b>	<b>27,2</b>
<b>Earnings per Share (€)</b>	<b>0,039</b>	<b>0,030</b>	<b>30,0</b>

**3.- OPERATIONAL HIGHLIGHTS**

	1H 2019	1H 2018	Var. (%)
<b>Commercial Property</b>			
<b>GLA (sqm)</b>	<b>406.628</b>	<b>405.863</b>	<b>0,2</b>
<b>Occupancy rate (%)</b>	<b>93,0%</b>	<b>94,8%</b>	<b>-1,9</b>
<b>Land &amp; Homebuilding</b>			
<b>Pre-sales</b>			
Total value of contracts (€mm)	5,16	5,90	-12,5
Units	36	39	-7,7
<b>Nº Employees</b>	<b>89</b>	<b>90</b>	<b>-1,1</b>

<b>Number of Employees</b>	<b>1H 2019</b>	<b>1H 2018</b>	<b>Var. (%)</b>
<b>Total <sup>(1)</sup></b>	<b>89</b>	<b>90</b>	<b>-1,1</b>
Realia Business	41	40	2,5
Realia Patrimonio	4	4	0,0
Hermanos Revilla <sup>(1)</sup>	44	45	-2,2
Realia Polska	0	1	-100,0

(1) It includes 32 and 34 people working at reception and concierge services in buildings over 2019 and 2018 respectively.

**4.- CONSOLIDATED INCOME STATEMENT**

(€mm)	1H 2019	1H 2018	Var. (%)
<b>Total Revenue</b>	<b>48,57</b>	<b>45,74</b>	<b>6,2</b>
Rents	30,70	30,48	0,7
Expenses provision	8,73	8,50	2,7
Disposal of tangible fixed assets	2,12	-	-
Homebuilding	5,16	5,90	-12,5
Land sales	-0,13	-0,35	62,9
Services	1,21	0,80	51,3
Other (Homebuilding & Comm. Property)	0,78	0,41	90,2
<b>Total Gross Margin</b>	<b>28,08</b>	<b>25,71</b>	<b>9,2</b>
Rents	29,68	27,16	9,3
Homebuilding	-1,93	-1,67	-15,6
Services	0,33	0,22	50,0
Overheads	-2,93	-3,95	25,8
Other costs	-0,07	-0,07	0,0
<b>EBITDA</b>	<b>25,08</b>	<b>21,69</b>	<b>15,6</b>
Amortization	-0,17	-0,20	15,0
Depreciation	19,13	5,27	263,0
<b>EBIT</b>	<b>44,04</b>	<b>26,76</b>	<b>64,6</b>
Fair value appraisal result	15,44	15,53	-0,6
Financial result	-6,55	-7,27	9,9
Equity method	1,30	1,27	2,4
<b>Earnings before taxes</b>	<b>54,23</b>	<b>36,29</b>	<b>49,4</b>
Taxes	-13,50	-8,95	-50,8
<b>Results after taxes</b>	<b>40,73</b>	<b>27,34</b>	<b>49,0</b>
Minority Interests	8,65	8,24	5,0
<b>Net Results (Group share)</b>	<b>32,08</b>	<b>19,10</b>	<b>68,0</b>

- The valuation criteria at fair value of real estate investments (rental assets) performed with RICS Method has reached €15,44m in 1H 2019 vs €15,53m in 1H 2018.
- Net financial result reached €-6,55m vs €-7,27m in 2018, due to a lower indebtedness of the Group.
- Provisions for €19,13m (€5,27m in 1H 2018) have been reversed:

Breakdown provisions (€mm)	1H 2019	1H2018
Excess provisions	-	0,12
Residential finished product	2,12	1,06
Land bank and developments in the pipeline	16,07	-0,21
Others (clients, proceedings, ...)	0,94	4,30
<b>Total</b>	<b>19,13</b>	<b>5,27</b>

- Earnings before taxes reached €54,23m vs €36,29m in 1H 2018.
- Net results (Group share) reached €32,08m vs €19,10m in June 2018.

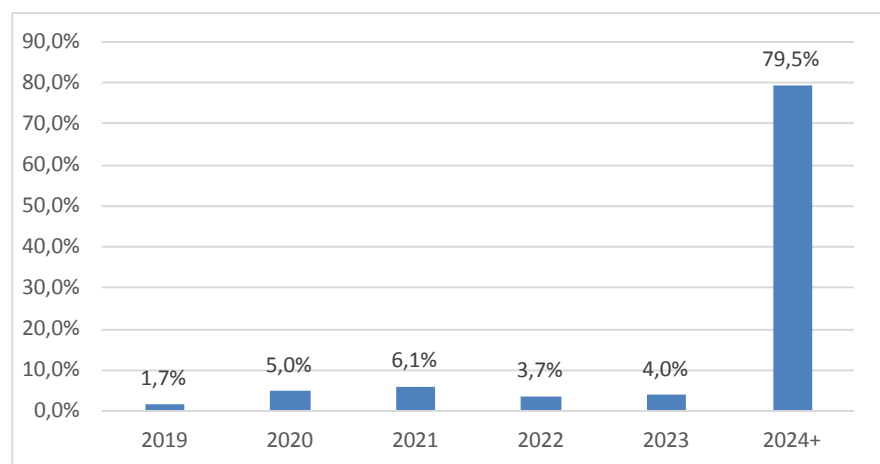
## 5.- CONSOLIDATED BALANCE SHEET

(€mm)	ASSETS	1H 2019	Dec. 2018	LIABILITIES	1H 2019	Dec. 2018
	Tangible fixed assets	2,64	3,05	Equity	1.026,14	997,53
	Investment property	1.453,27	1.422,33	Minority shareholders	242,76	235,98
	Inventories	338,04	318,19	Financial debt	605,39	615,96
	Accounts receivable	10,64	12,54	Current creditors	35,54	23,72
	Treasury and equivalents	99,14	87,50	Other liabilities	197,78	191,01
	Other assets	203,88	220,59			
	<b>Total Assets</b>	<b>2.107,61</b>	<b>2.064,20</b>	<b>Total Liabilities</b>	<b>2.107,61</b>	<b>2.064,20</b>

**6.- FINANCIAL STRUCTURE**

	REALIA Patrimonio	REALIA Business	1H 2019	1H 2018	Var. (%) 1H 2019 s/ 1H 2018	Dec. 2018	Var. (%) 1H 2019 s/ 1H 2018
	Comm. Property	Land & Homebuilding					
Syndicated loans	554,04	-	554,04	569,16	-2,7	562,35	-1,5
Other loans	50,68	-	50,68	172,12	-70,6	58,30	-13,1
Valuation of derivatives	10,20	-	10,20	4,73	115,6	6,08	67,7
Interests	1,72	-	1,72	2,04	-15,5	1,78	-3,1
Debt formalisation expenses	-11,25	-	-11,25	-14,21	20,8	-12,55	10,3
<b>Total Gross Financial Debt</b>	<b>605,39</b>	<b>-</b>	<b>605,39</b>	<b>733,84</b>	<b>-17,5</b>	<b>615,96</b>	<b>-1,7</b>
Cash and equivalents	29,72	69,42	99,14	48,38	104,9	87,50	13,3
<b>Total Net Financial Debt</b>	<b>575,67</b>	<b>-69,42</b>	<b>506,25</b>	<b>685,46</b>	<b>-26,1</b>	<b>528,46</b>	<b>-4,2</b>

- As of 30 June 2019, Group Realia has a gross financial debt for an amount of €605,39m, €10,57m lower than in 1H 2018. There has been a reduction of 1,7%. All financial debt is bound to the Commercial Property portfolio.
- As of December 2018, Realia Business has settled its financial debt and paid off its loan.
- As of June 2019, cash and equivalents reached €99,14m. Therefore, the net financial debt reached €506,25m vs. €528,46m at December 2018 (4,2% lower). The cash flow generated by the Group together with the Company's cash have allowed the reduction of the net financial debt; investing on new residential developments; having financial resources intended to new residential developments to be developed and acquiring new assets.
- As of June 2019, the weighted average interest rate of the gross debt reached 2,12% (financial derivatives included), following the Commercial Property portfolio debt financing) vs. 1,91% in June 2018.
- As of June 2019, the breakdown of the Group gross debt maturity is the following:

**Gross debt maturity**




**7.- ASSETS VALUATION**

- Assets valuation has been performed by two independent appraisers:
  - At June 2019 and at December 2018, CBRE (CB Richard Ellis) has valued, at fair value, the portfolio of commercial property business and subsidiaries, as well as, small residential assets belonging to property companies, implementing the RICS method.
  - At June 2019, TINSA has valued, at fair value, the portfolio of residential business assets implementing the RICS method. At December 2018, these assets were valued according to Ministerial Order ECO 805/2003, 27th March, modified by EHA3011/2007, EHA 564/2008 and Royal Decree-Law 1060/2015, to calculate their fair value.

(€mm)	1H 2019		Dec. 2018		% var. June 19-Dec. 18
	Valuation / Method	€mm	Valuation / Method	€mm	
Rental assets	CBRE/RICS	1.435,6	CBRE/RICS	1.420,0	1,1%
Assets in the pipeline	CBRE/RICS	13,1			
Land in the pipeline	CBRE/RICS	61,7	CBRE/RICS	59,1	4,4%
<b>TOTAL RENTAL ASSETS <sup>(1)</sup></b>		<b>1.510,4</b>		<b>1.479,1</b>	<b>2,1%</b>
Land bank <sup>(2) (3)</sup>	Tinsa/RICS	284,0	Tinsa/ECO	286,5	-0,9%
Residential developments in the pipeline <sup>(3)</sup>	Tinsa/RICS	53,4	Tinsa/ECO	21,7	145,9%
Residential finished product <sup>(4)</sup>	Tinsa/RICS	39,7	Tinsa/ECO	43,8	-9,3%
Residential land & others <sup>(5)</sup> in property companies	CBRE/RICS	13,2	CBRE/RICS	13,2	0,0%
<b>TOTAL RESIDENTIAL ASSETS</b>		<b>390,4</b>		<b>365,2</b>	<b>6,9%</b>
<b>TOTAL ASSETS</b>		<b>1.900,8</b>		<b>1.844,3</b>	<b>3,1%</b>

(1) It includes €54m, value of As Cancelas asset, consolidated by the equity method.

(2) It includes €18,2m, value of the land bank of the Company IRU, consolidated by the equity method.

(3) In 1H 2019, two land plots have been transferred from land bank to residential developments in the pipeline for an amount of €20,7m.

(4) In 1H 2019, residential finished product has been delivered for an amount of €4,5m.

(5) It includes €2,5m, value of Hato Verde golf course included in the residential business together with other residential developments being developed at Guillena (Sevilla).

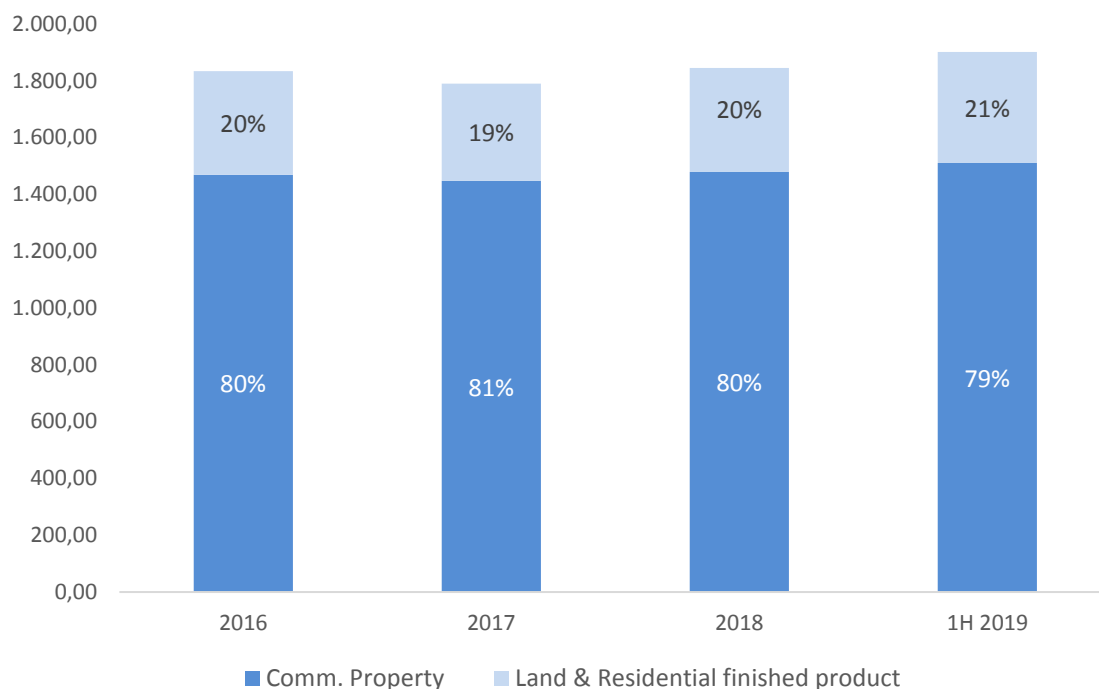
- Valuation of commercial property assets reached €1.510,4m vs. €1.479,1m at December 2018 (+2,1%). In June 2019, an asset in the pipeline intended to home rental for an amount of €13,1m was included in the valuation. Assets valuation were performed by CBRE (CB Richard Ellis) implementing the RICS method (in June 2019 and in December 2018).
- At June 2019, fair value of residential assets (land bank, residential developments in the pipeline and residential finished product) reached €390,4m vs. €365,2m in December 2018 (+6,9%). TINSA has valued all residential assets, excepting the ones belonging to property companies, implementing the RICS method in June 2019 and the ECO method in December 2018.

- In order to establish the fair value of assets which have changed their valuation from ECO method to RICS method their valuation has been homogenized as follows: Assets finished and delivered in 1H 2019 for an approximate value of €4,5m are not included at December 2018 valuation. Investments on residential developments in the pipeline for a value of €5,7m are not included in June 2019 valuation. The homogenized fair value from June 2019 to December 2018 has gone up by €24m (+6,9%), according to the following breakdown:

- Variation in status and/or urbanistic stage of land in 2019:	€16,2m
- Revaluation of land bank:	€1,6m
- Revaluation of residential developments in the pipeline:	€5,7m
- Revaluation of residential finished product:	€0,5m

- 79% of total GAV relates to the Commercial Property business and the remaining 21% to the Residential business.

**Gross Asset Value evolution (GAV) (€mm)**



**Commercial Property Valuation**

	N. Building	sqm	GAV 1H 2019 <sup>1</sup>	GAV Dec. 2018 <sup>1</sup>	Var. (%)	Value €/sqm	Yield 1H 2019 (%) <sup>2</sup>	Yield Dec. 2018 (%) <sup>2</sup>
<b>Offices</b>	<b>27</b>	<b>226.845</b>	<b>1.076,2</b>	<b>1.057,8</b>	<b>1,7</b>	<b>4.744</b>	<b>4,5%</b>	<b>4,4%</b>
CBD <sup>3</sup>	12	84.536	595,4	582,8	2,1	7.043	4,0%	3,9%
BD <sup>4</sup>	3	42.653	175,5	173,3	1,3	4.115	5,1%	5,0%
Periphery/Others	12	99.657	305,3	301,7	1,2	3.064	5,1%	5,1%
<b>Retail &amp; Leisure</b>	<b>7</b>	<b>136.525</b>	<b>329,0</b>	<b>331,7</b>	<b>-0,8</b>	<b>2.410</b>	<b>6,1%</b>	<b>5,8%</b>
<b>Other Assets<sup>5</sup></b>	<b>6</b>	<b>43.257</b>	<b>30,5</b>	<b>30,5</b>	<b>0,0</b>	<b>705</b>	<b>6,0%</b>	<b>5,9%</b>
<b>Total Operational</b>	<b>40</b>	<b>406.628</b>	<b>1.435,6</b>	<b>1.420,0</b>	<b>1,1</b>	<b>3.531</b>	<b>4,9%</b>	<b>4,8%</b>
<b>Developable Land<sup>6</sup></b>	<b>1</b>	<b>7.084</b>	<b>13,1</b>					
<b>Land in the Pipeline<sup>7</sup></b>		<b>127.291</b>	<b>61,7</b>	<b>59,1</b>	<b>4,4</b>	<b>485</b>		
<b>Total</b>	<b>41</b>	<b>541.003</b>	<b>1.510,4</b>	<b>1.479,1</b>	<b>2,1</b>	<b>2.792</b>		

1. GAV in €mm

2. Yield: gross annual passing rents divided by the assets GAV

3. Central Business District

4. Business district, excluding Central Business District

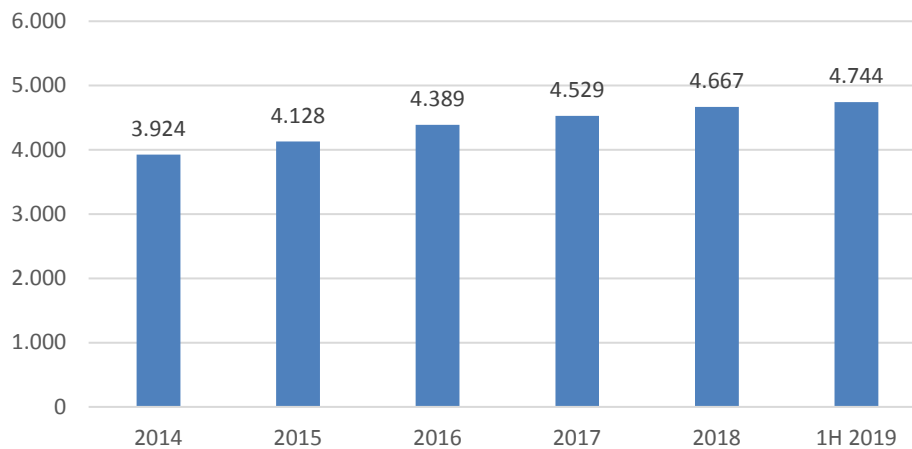
5. Warehouse in Logroño and other assets such as commercial premises, parking spaces, ...

6. Land in the pipeline to develop residential development intended to home rental

7. Land bank in Aguacate St, La Noria, ParK Central (22@) and Leganés

- As of June 2019, the market value of the Commercial Property business reached €1.510,4m, 2,1% higher than in December 2018.
- The market value of offices increased by 1,7%. The market value of Retail & Leisure has gone down by 0,8%.
- As of 30 June 2019, the Yield of the Commercial Property business in operation reached 4,9% (annual passing rents divided by assets value, according to CBRE).

### Unit value evolution of office buildings in operation (€/sqm)



### Main assets for asset value (GAV)

Assets	Location	Use	GLA
Puerta Europa	Madrid	Offices	28.424
Torre Realía BCN	Barcelona	Offices	31.964
Plaza Nueva Parque Comercial	Leganés	Retail	52.675
Salvador de Madariaga 1	Madrid	Offices	25.398
Shopping Centre Ferial Plaza	Guadalajara	Retail	32.507
María de Molina 40	Madrid	Offices	9.684
Albasanz 16	Madrid	Offices	19.550
Príncipe de Vergara 132	Madrid	Offices	8.807
C.N. Méndez Álvaro	Madrid	Offices	13.248

### Land and Homebuilding Valuation

(€mm)	GAV 1H 2019	GAV Dec. 2018	Var. (%) 1H 2019 s/Dec. 2018
Land bank <sup>(1)</sup>	284,0	286,5	-0,9%
Residential in the pipeline <sup>(1)</sup>	53,4	21,7	145,9%
Residential finished product <sup>(2)</sup>	39,7	43,8	-9,3%
Land Bank <sup>(3)</sup> & others in property companies	13,2	13,2	0,0%
<b>Residential Assets Total Value</b>	<b>390,4</b>	<b>365,2</b>	<b>6,9%</b>

(1) In 1H 2019, two land plots have been transferred from land bank portfolio to developments in the pipeline for an amount of €20,66m.

(2) In 1H 2019, residential finished product has been delivered for an amount of €4,5m.

(3) The valuation strictly of Land bank portfolio reaches €10,7m.

### Land Bank Valuation

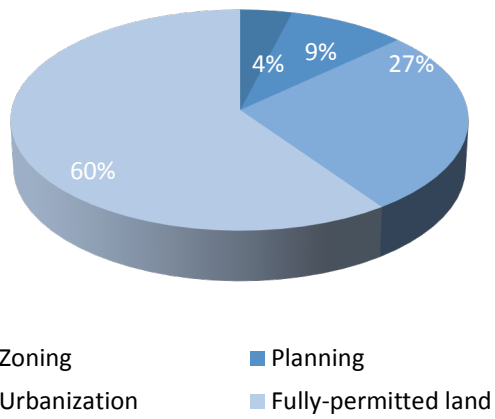
	Gross land sqm 1H 2019	Building land sqm 1H 2019	Building land Dec. 2018	GAV 1H 2019 €mm	GAV Dec. 2018 €mm	Var. GAV (%) 1H 2019 s/ Dec. 2018
Zoning <sup>(1)</sup>	3.323.110	401.362	606.065	11,8	10,8	8,9%
Planning	1.816.877	496.753	497.595	26,9	26,8	0,3%
Urbanization	174.442	268.397	267.036	80,0	75,9	5,5%
Fully-permitted land <sup>(2)</sup>	479.188	482.734	506.511	176,1	183,7	-4,2%
<b>Total</b>	<b>5.793.616</b>	<b>1.649.246</b>	<b>1.877.207</b>	<b>294,7</b>	<b>297,2</b>	<b>-0,8%</b>

The most important variations in land bank buildability are the following:

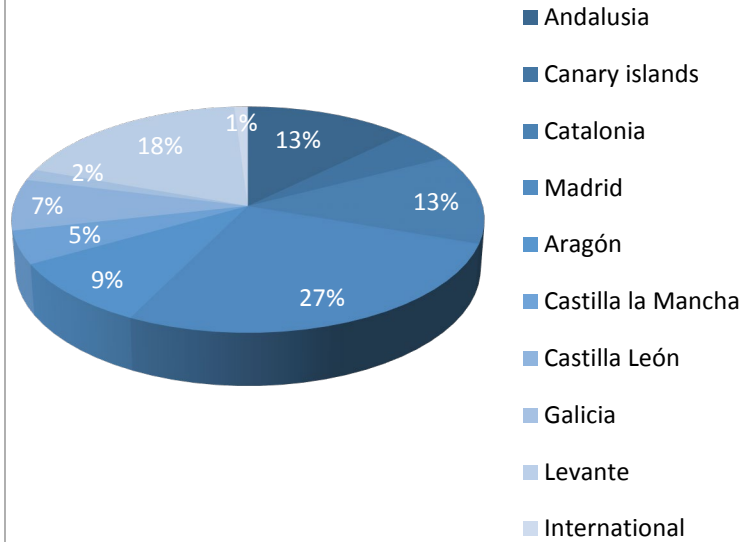
- (1) Reduction of buildability is mainly due to the urbanistic stages parameters of the Partial Plan of "Guadalquiron" (in the pipeline), instead of the parameters of the General Urban Development Plan of San Roque. The urbanistic stage of this land is Zoning, given the instability of its consolidation. This land is included in the expansion of the Nature Reserve of Los Alcornocales.
- (2) Land bank under Fully-permitted land urbanistic stage has gone down by 23.777 sqm. Two land plots have been transferred to residential developments in the pipeline.

**GAV Land Bank Breakdown (€mm)**

By urbanistic stage



By geographical area



**8.- NET ASSET VALUE (NNAV)**

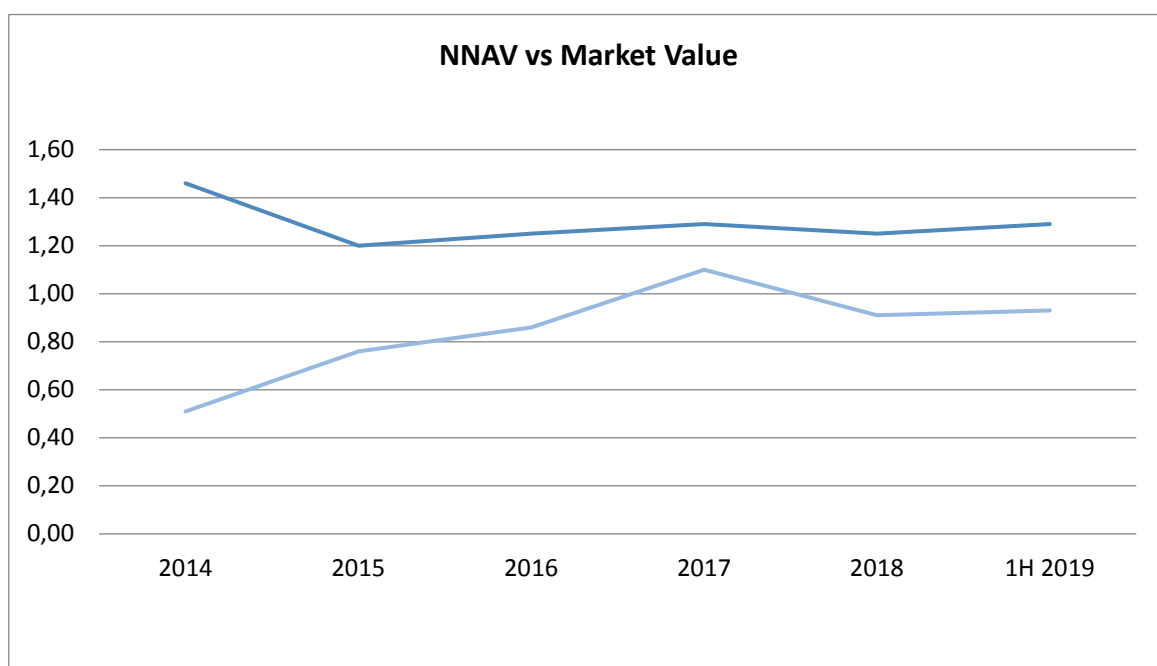
(€mm)	COMMERCIAL PROPERTY		LAND & HOMEBUILDING		TOTAL		
	1H 2019	2018	1H 2019	2018	1H 2019	2018	Var. %
<b>Total (GAV)<sup>(1)</sup></b>	<b>1.510</b>	<b>1.479</b>	<b>390</b>	<b>365</b>	<b>1.900</b>	<b>1.844</b>	<b>3,1</b>
To be deducted							
Minorities	-311	-306	-2	-2	-313	-308	-1,8
<b>GAV Realia (1)</b>	<b>1.199</b>	<b>1.173</b>	<b>388</b>	<b>363</b>	<b>1.587</b>	<b>1.536</b>	<b>3,3</b>
<b>Book value of assets (2)</b>	<b>703</b>	<b>692</b>	<b>353</b>	<b>334</b>	<b>1.056</b>	<b>1.026</b>	<b>3,0</b>
Latent capital gains (1)-(2)	496	481	35	29	531	510	4,0
To be deducted							
Tax	-124	-120	-9	-7	-133	-127	-4,4
Latent capital gains after tax	372	361	26	22	398	383	3,9
Adjustements IAS 40					-370	-359	
Equity					1.026	998	2,8
<b>NNAV (after tax)</b>					<b>1.054</b>	<b>1.022</b>	<b>3,1</b>
Number of shares(mm) treasury shares not included					819	819	0,0
<b>NNAV (after tax) per share (€)</b>					<b>1,29</b>	<b>1,25</b>	<b>3,2</b>

- As of June 2019, the Net Asset Value (NNAV) reached 1,29 Euro per share, 3,2% higher than in December 2018.
- NNAV per share considering the net equity of the consolidated financial statements is the following.

<b>CONSOLIDATED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (€MM)</b>	<b>1.026</b>
Adjustments:	
+ Net capital gains tangible fixed assets (own use)	2
+ Net capital gains stock	26
<b>ADJUSTED NET EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (€MM)</b>	<b>1.054</b>
Number of shares (treasury shares not included)	818.802.796
<b>NNAV PER SHARE</b>	<b>1,29</b>

### Net Asset Value Evolution (NNAV)

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>1H 2019</b>
NNAV (€mm)	449	552	805	833	1.022	1.054
NNAV (€ per share)	1,46	1,20	1,25	1,29	1,25	1,29
Share price as of Dec. 31st.	0,51	0,76	0,86	1,10	0,91	0,93
Discount NNAV	--65%	-37%	-31%	-15%	-27%	-28%





**9.- COMMERCIAL PROPERTY**
Rents – Consolidated data

(Thousands of Euros)	1H 2019	1H 2018	Var. (%)
Rental income	30,70	30,48	0,7%
Expenses provision	8,73	8,50	2,7%
Disposal of tangible fixed assets	2,12	0,00	-
Other income	0,39	0,14	178,6%
<b>Total Revenue</b>	<b>41,94</b>	<b>39,12</b>	<b>7,2%</b>
Building common charges	-10,35	-10,27	-0,8%
Other charges	-1,91	-1,69	-13,0%
<b>Gross Margin</b>	<b>29,68</b>	<b>27,16</b>	<b>9,3%</b>
<b>Margin (%)</b>	<b>96,7%</b>	<b>89,1%</b>	<b>8,5%</b>

- Total rental income (expenses charged to tenants not included) reached €30,70m (73,20% of the total income and 0,7% better than in June 2018). It is mainly due to better unitary rents and reduction of discounts and contract incentives, even though occupancy has gone down (93% in June vs. 94,8% in June 2018).
- Commercial Property gross margin reached 96,7%, 8,5% better than in 1H 2018. It is due to a refund of a “municipal added value tax” related to the sale of an asset in previous years.

Rents – Operational data <sup>(1)</sup>

(Thousand of Euros)	1H 2019	1H 2018	Var. (%)
Rental income	33,03	32,76	0,8%
Expenses provision	9,51	9,27	2,6%
Disposal of tangible fixed assets	2,12	0	-
Other income	0,39	0	176,6%
<b>Total Revenue</b>	<b>45,05</b>	<b>42,17</b>	<b>6,8%</b>
Building common charges	-11,13	-11,04	-0,8%
Other charges	-2,36	-2,13	-10,8%
<b>Gross Margin</b>	<b>31,56</b>	<b>29,00</b>	<b>8,8%</b>
<b>Margin (%)</b>	<b>95,5%</b>	<b>88,5%</b>	<b>7,9%</b>

<sup>(1)</sup> The data in this chart is operational. The data from As Cancelas appear proportionally (50%).

Operating rental income
**Breakdown of rents by sector (Lfl)**

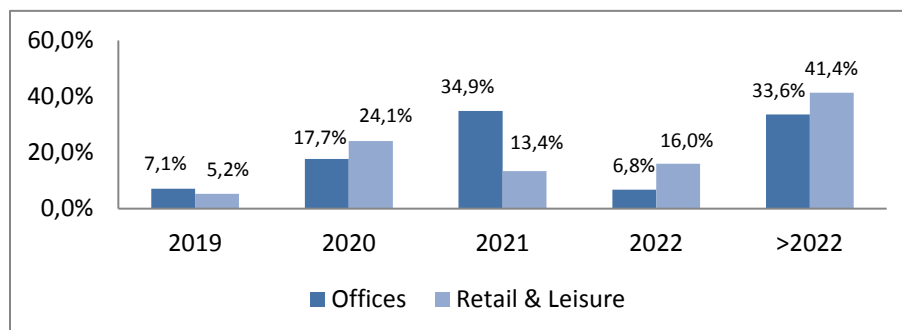
(Thousands of Euros)	1H 2019	1H 2018	Var. (%)	GLA (sqm)	Occup. 1H 2019 (%)	Occup. 1H 2018 (%)
<b>Offices</b>	<b>23,0</b>	<b>22,5</b>	<b>2,4%</b>	<b>226.845</b>	<b>94,6%</b>	<b>96,2%</b>
CBD	11,4	10,3	11,0%	84.536	98,2%	97,1%
BD	4,1	4,0	2,6%	42.653	100,0%	100,0%
Periphery	7,5	8,2	-8,6%	99.657	89,1%	93,7%
<b>Retails &amp; Leisure</b>	<b>9,0</b>	<b>9,3</b>	<b>-3,0%</b>	<b>136.525</b>	<b>88,2%</b>	<b>90,9%</b>
<b>Other</b>	<b>1,1</b>	<b>1,0</b>	<b>1,1%</b>	<b>43.257</b>	<b>99,8%</b>	<b>100,0%</b>
<b>Total Revenue</b>	<b>33,0</b>	<b>32,8</b>	<b>0,8%</b>	<b>406.628</b>	<b>93,0%</b>	<b>94,8%</b>

- Offices occupancy has gone down by 1,6%. This reduction in occupancy levels is mainly due to the expiration of a lease contract of a whole asset located in periphery in 4Q 2018. This asset is in the commercialization process. Office rental has gone up by 2,4%, mainly in CBD due to better occupancy and better unitary rents.
- Retail & Leisure occupancy has gone down by 2,7%. This reduction is mainly due to the expiration of two contracts concerning a surface of 3.216 sqm. Both retail spaces are in the commercialization process. Rents have gone down by 3% vs the previous year, mainly due to lower occupancy in this period of the year.

**Breakdown of rents by geographical area (Lfl)**

(Thousands of Euros)	1H 2019	1H 2018	Var. (%)	GLA (sqm)	Occup. 1H 2019 (%)	Occup. 1H 2018 (%)
<b>Madrid</b>	<b>23,3</b>	<b>23,3</b>	<b>-0,1%</b>	<b>250.700</b>	<b>94,0%</b>	<b>96,7%</b>
CBD	11,6	10,5	9,9%	80.438	98,4%	97,1%
BD	4,9	4,8	2,4%	49.895	100,0%	100,0%
Periphery	6,9	8,0	-14,6%	120.367	88,6%	95,0%
<b>Barcelona</b>	<b>3,1</b>	<b>2,9</b>	<b>9,1%</b>	<b>32.325</b>	<b>98,4%</b>	<b>98,5%</b>
<b>Other</b>	<b>6,6</b>	<b>6,6</b>	<b>0,5%</b>	<b>123.602</b>	<b>89,5%</b>	<b>90,0%</b>
<b>Total Revenue</b>	<b>33,0</b>	<b>32,8</b>	<b>0,8%</b>	<b>406.628</b>	<b>93,0%</b>	<b>94,8%</b>

- According to geographical area, rents have increased in Barcelona (+9,1%), due to better rents in Torre REALIA BCN.

Expiry of lease contracts on annual rents

**10.- RESIDENTIAL BUSINESS (LAND AND HOMEBUILDING)**

(€mm)	1H 2019	1H 2018	Var. (%)
<b>Revenue</b>			
Homebuilding sales	5,16	5,90	-12,5%
Land sales	0,26	-0,08	425,0%
<b>Total Revenue</b>	<b>5,42</b>	<b>5,82</b>	<b>-6,9%</b>
<b>Costs</b>			
Costs of sales	-6,21	-5,75	-8,0%
Other costs	-1,14	-1,74	34,5%
<b>Total Costs</b>	<b>-7,35</b>	<b>-7,49</b>	<b>1,9%</b>
<b>Homebuilding Gross Margin</b>	<b>-1,93</b>	<b>-1,67</b>	<b>-15,6%</b>
<b>Homebuilding Gross Margin (%)</b>	<b>-35,6%</b>	<b>-28,7%</b>	<b>-24,0%</b>
<b>Provisions Reversal finished product</b>	<b>2,16</b>	<b>1,06</b>	<b>103,8%</b>
<b>Gross Margin (Provisions not included)</b>	<b>0,23</b>	<b>-0,61</b>	<b>137,7%</b>

Residential portfolio

- Total revenue from Land & Homebuilding business amounted €5,42m, 6,9% lower than in 1H 2018 (€5,82m). It is partially due to a stock reduction of the residential finished product and a reduction of the number of sales offices. It is also due to the stock of pre-sold units which are meant to be delivered in 3Q 2019. As of 30 June 2019, 36 units have been delivered (homes, small retail, offices and land plots) for an amount of €5,16m.
- As of 30 June 2019, gross margin reached €-1,93m vs. €-1,67m in 1H 2018 (once deducted the reversal of provisions). Once the provision is applied, gross margin reaches €0,23m vs. €-0,61m in 1H 2018.

- By geographical area, the breakdown of units delivered in 2019 and 2018 is the following:

	1H 2019		1H 2018	
	Nº Units	Revenue €MM	Nº Units	Revenue €MM
Centre	4	0,52	21	3,09
Levante	4	0,83	9	1,41
Catalonia	6	0,94	3	0,41
Andalusia	22	2,87	5	0,76
Portugal	0	0,00	1	0,23
<b>Total</b>	<b>36</b>	<b>5,16</b>	<b>39</b>	<b>5,90</b>

- As of 30 June 2019, there is a stock of 573 units (homes, small retail and offices) finished or in the pipeline non-delivered (86 pre-sold). There are also 41 land plots for single family-housing.

Home stock evolution	1H 2019	1H 2018	Var. (%)
<b>Pre-sales</b>			
Number of units	85,50	55,00	55,5%
Total value of contracts (€mm)	22,35	11,26	98,5%
<b>Deliveries</b>			
Number of homes	35,50	39,00	-9,0%
Total value of contracts (€mm)	5,16	5,90	-12,5%
<b>Pre-sold</b>			
Number of units	85,50	34,00	151,5%
Total value of contracts (€mm)	29,20	8,86	229,6%
<b>Stock at End-of-Period</b>			
<b>Projects finished</b>			
Number of units	290,50	367,00	-20,8%
<b>Projects in the pipeline</b>			
Number of units	238,00	134,00	100,0%

**Land Bank**

- As of June 2019, Realia has a gross land bank, in different urbanistic stages, of 5.793.616 sqm and a buildable area of 1.649.246 sqm. 29,27% of this land bank is in the pipeline and 29,61% is located in Madrid:

**Land Bank breakdown (buildability by sqm)**

	<b>Buildability (sqm)</b>		<b>Buildability (sqm)</b>
Zoning	401.362	Andalusia	460.851
Planning	496.753	Canary islands	18.541
Urbanization	268.397	Catalonia	81.931
Fully-permitted land	482.734	Madrid	488.310
<b>Total</b>	<b>1.649.246</b>	Aragón	154.508
		Castilla la Mancha	222.886
		Castilla León	64.451
		Galicia	6.184
		Levante	140.672
		International	10.912
		<b>Total</b>	<b>1.649.246</b>

**11.- STOCK DATA**

- The closing stock Price (€ per share) has been 0,93 Euro. It has gone up by 2,2% vs. 2018

	<b>30 June 2019</b>
Closing Stock Price (€ per share)	0,930
Market cap. End-of-Period (€)	762.847.099
High of the period (€ per share)	1,020
Low of the period (€ per share)	0,875
Average of the period (€ per share)	0,958
Daily Trading Volume (€)	113
Daily Trading Volume (shares)	118

**Contact details**

**Tel: +34 91 353 44 00**

**E-mail: [inversores@realia.es](mailto:inversores@realia.es) / [accionistas@realia.es](mailto:accionistas@realia.es)**

**APPENDIX – GLOSSARY OF APMs****Gross Margin:**

Results directly attributable to the business activity. Company's total revenue (net revenue, other operating revenues and sale of assets) minus operating costs (variation of finished product or in the pipeline, provisions, operating costs (overhead costs excluded), disposal of tangible fixed assets and other results).

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):**

Operating result (profit or loss) deducted from provisions for depreciation and variation in operating provisions.

**EBIT (Earnings Before Interest and Taxes):**

Operating profit plus change in the value of investment property and result for variation between assets value and impairment of assets.

**Gross Financial Debt:**

Current and non-current loans with credit institutions plus current and non-current financial liabilities. Financing from equity loans and debts with suppliers of fixed assets are not included

**Net Financial Debt:**

Gross financial debt minus cash and cash equivalents.

**Net Net Asset Value (NNAV):**

Equity attributable to the parent Company, adjusted for any latent capital gains of current assets and own use at market value and deducting the taxes that will be borne for these capital gains, considering tax regulation at the time of the calculation.

**Net Net Asset Value (NNAV) per share:**

It is calculated by dividing NNAV into number of shares outstanding (treasury shares not included).

**Earnings per share:**

It is calculated by dividing the result attributable to the parent Company and the number of shares outstanding (treasury shares not included) at the end of the referred period.

**GAV (Liquidation Value):**

Assets valuation performed by independent appraisers (Tinsa and CBRE).

**BD:**

Business District

**CBD:**

Central Business District

**Occupancy:**

Surface area occupied by the rental assets portfolio divided by the surface of the portfolio in operation.

**Yield:**

Annualized gross rents divided by GAV, according to CBRE.

**LEGAL DISCLOSURE**

This document has been produced by Realia Business, S.A. (the “Company”), exclusively to be used during the presentation of the Company results.

The accounting statements contained in this document have not been verified by independent third parties. Therefore, neither implicitly nor explicitly, a guarantee is given on the impartiality, accuracy, completeness or correction of the information and assertions herein expressed.

Neither the Company nor its consultants and representatives accept any liability whatsoever, for negligence or otherwise, for damages or losses derived from the use of this document and the information contained herein.

This document is neither an offer or an invitation to acquire or subscribe shares, in accordance with provisions of Spain’s Royal Decree Law 4/2015 of 23 October, where the revised text of the Securities Market Law was approved, Royal Decree-Law 5/2005 of 11 March, and/or Royal Decree 1310/2005 of 4 November and their implementing regulations.

Additionally, this document is neither an offer to buy nor a request to buy, sell or Exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractual, nor can it be used or construed as a contractor any other type of commitment.